

Tourism is the second-largest industry in Santa Fe, and the Convention and Visitors Bureau (CVB) is the city organization responsible for attracting visitors to the city. The average number of visitors to Santa Fe is 1.6 million annually; these visitors generate approximately \$5.4 million in lodgers tax each year and provide a significant contribution to gross receipts tax revenues as well. Tourism also creates many jobs in the city, thereby stimulating the local and regional economy.

CVB staff work closely with local hotels and other tourism-related businesses to promote Santa Fe as a culturally and historically significant visitor and conference destination. Through advertising and promotional efforts, CVB generates visitor interest in Santa Fe and fulfills all visitor inquiries. The Bureau also coordinates with the local tourism industry to promote Santa Fe through advertising, direct mail, sales blitzes, familiarization tours and trade shows, in accordance with the CVB marketing plan.

The mission of the Sweeney Convention Center is to generate revenue and tourism for the city by renting space to clients hosting events at the center. All clients receive exemplary service from staff, ensuring that their events are handled and executed with the highest level of quality.

2002/03 Operational Highlights:

- Developed a new nine-segment advertising campaign.
- Created new meeting planner kits in CD-ROM format.
- Produced a new promotional video for distribution to meeting planners and tour operators.
- Re-designed the CVB website (www.santafe.org) to coincide with the new advertising campaign, allowing improved response to media placement and e-mail visitor information requests.
- Increased CVB website visits by 90% over the previous year to 33 million visits.
- Confirmed 20,200 lodging room nights.
- Maintained an internal preventive maintenance program at Sweeney Center to ensure that event equipment is in good working order, and met high standards of cleanliness for all areas of the facility.
- Implemented a Sweeney Center media program to attract meetings, weddings and holiday parties.

2003/04 Goals and Objectives:

- Deliver and mail 525,000 visitors guides through June 2004.
- Increase the number of hits and user sessions on the CVB website by 30%.
- Raise the number of leads generated through media placement by 20%.

- Increase the number of rooms booked annually by actively promoting Santa Fe as a destination.
- Enhance lodgers tax revenue by pursuing groups having the potential to meet in Santa Fe.
- Increase the number of visitor inquiries by 15% by using multiple methods of advertising.
- Continue to beautify the grounds around the Sweeney Center and to maintain high standards for maintenance and cleanliness.
- Increase Sweeney Center event business as follows: increase trade show business, conferences and holiday parties by 10%; and increase the number of local business meetings and weddings by 20%.

Budget Commentary:

The FY 2003/04 operating budget for the Convention and Visitors Bureau (CVB) is \$3,102,664 which is supported by the Promotion Lodgers Tax Fund (2115) and Lodgers Tax Fund (2113). This provides funding for the salaries and benefits of 16 staff members, an advertising budget of \$721,407 that is used for promotion purposes, and miscellaneous contracted promotional services (including website development) totaling \$307,450.

The primary resource used by the Bureau to support its activities is the Lodgers Tax. The Lodgers Tax derives its revenue from the collection of an occupancy tax imposed on lodging within the municipality. The tax is restricted as to use, and may only be expended for advertising, publicizing and promoting tourist facilities and attractions, the cost of safety and sanitation services, for special events, administrative costs, constructing and operating convention halls and similar facilities, and for payment of principal and interest on revenue bonds issued for construction or acquisition of these facilities. However, in July 1996 the State Legislature approved legislation to provide more flexibility in use of the tax. The city of Santa Fe has imposed the maximum increment of 5% of the authorized tax for utilization as follows:

3% - For advertising, publicizing and promoting the city of Santa Fe, including Sweeney Convention Center and tourist facilities and attractions, and for operating and improving the convention center. Of the 3%, at least one-half must be expended on advertising and promotion.

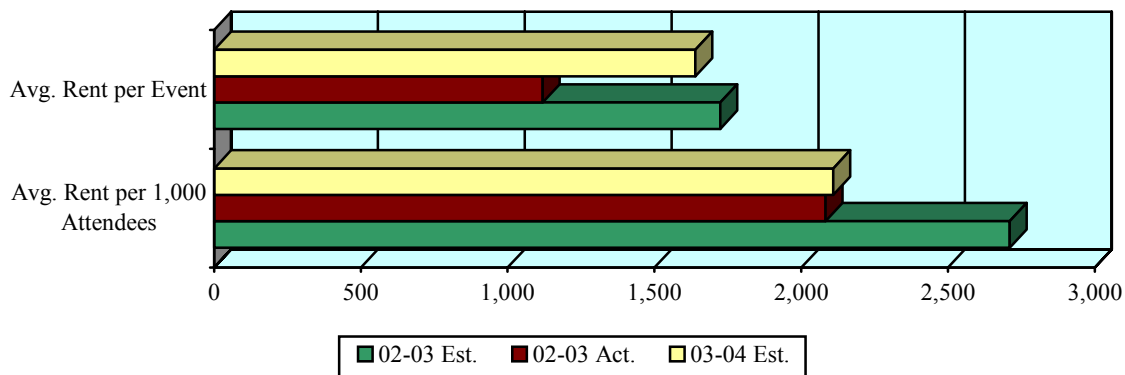
1% - This increment, imposed effective July 1987, is dedicated to the promotion and advertising of non-profit performing arts and attractions that promote tourism and enrich the entire community. By state law, of the 1%, at least one-fourth must be expended on advertising and promotion.

1% - This increment, imposed effective May 1999, is dedicated for a new convention center or major improvements to the current convention center. Although at least one-fourth must be expended on advertising and promotion for the two 1% increments combined, all of the first 1% increment is expended for those purposes so the city continues to meet or exceed the state requirement.

Total Lodgers Tax collections for FY 2003/04 are projected at \$5,641,000. All funds are deposited into the Lodgers Tax Fund (2114) and distributed to support various citywide activities.

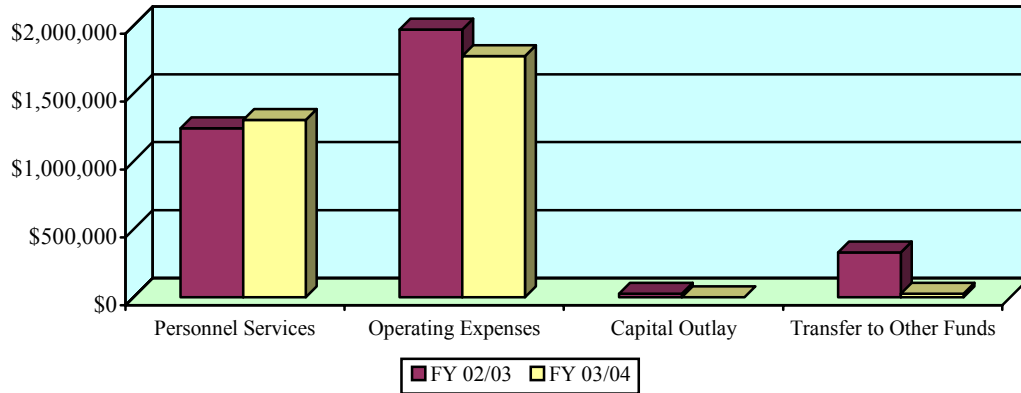
The operating budget for Sweeney Center Operations is \$810,450 and is supported by the Sweeney Center Enterprise Fund (5100). The major expenses include salaries and benefits for 10 staff members, and operations and maintenance costs for the convention center. The largest single category of non-staff expenses is utilities, wherein \$91,000 is budgeted for FY 2003/04 to pay for electric, gas and water services at the Sweeney Center.

| <u>Standard Program Measurements:</u> | <u>02/03</u> <u>EST.</u> | <u>02/03</u> <u>ACTUAL</u> | <u>03/04</u> <u>EST.</u> |
|--|-----------------------------|-------------------------------|-----------------------------|
| 1. Lodgers tax collected | \$5,476,374 | \$5,792,597 | \$5,500,000 |
| 2. Santa Fe visitor inquiries | 281,000 | 273,622 | 330,000 |
| 3. Lodging—room nights | 20,000 | 20,200 | 25,000 |
| 4. Number of major Sweeney Center events | 79 | 108 | 76 |
| 5. Average rental income per event | \$ 1,724 | \$ 1,119 | \$ 1,639 |
| 6. Number of Sweeney event attendees (est.) | 50,270 | 58,038 | 59,090 |
| 7. Average rental income per 1,000 attendees | \$ 2,710 | \$ 2,082 | \$ 2,108 |



| <u>POSITION/CLASSIFICATION</u> | <u>FY 02/03</u> <u>ACTUAL</u> | <u>FY 03/04</u> <u>BUDGET</u> |
|---|----------------------------------|----------------------------------|
| Convention & Visitors Bureau Director | 1 – EX | 1 – EX |
| Culture, Arts & Tourism Planner | 1 – EX | 1 – EX |
| Administrative Secretary | 2 – CLFT | 2 – CLFT |
| Administrative Assistant | 1 – CLFT | 1 – CLFT |
| Convention Service Supervisor | 1 – CLFT | 1 – CLFT |
| Convention Specialist | 7 – CLFT | 7 – CLFT |
| CVB Mail/Duplicating Technician | 3 – CLFT | 3 – CLFT |
| Mailroom Specialist Lead Worker | 1 – CLFT | 1 – CLFT |
| Convention Center Operations Supervisor | 1 – CLFT | 1 – CLFT |
| Information Specialist | 4 – CLFT | 4 – CLFT |
| Project Manager | 1 – CLFT | 1 – CLFT |
| Sales & Marketing Assistant | 1 – CLFT | 1 – CLFT |
| Sales & Marketing Manager | <u>2</u> – EX | <u>2</u> – EX |
| TOTAL: | 26 | 26 |

EXPENDITURE CLASSIFICATION



| | FY 02/03 REVISED | FY 03/04 APPROPRIATION |
|-------------------------|---------------------|---------------------------|
| Personnel Services | \$ 1,243,223 | \$ 1,303,408 |
| Operating Expenses | 1,968,549 | 1,774,256 |
| Capital Outlay | 25,413 | 0 |
| Transfer to Other Funds | <u>329,269</u> | <u>25,000</u> |
| TOTAL: | \$ 3,566,454 | \$ 3,102,664 |